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USDOC FOR 532/OEA/MNICKSON/ADYSON/TWILLIS/EHOLLAND
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)

SUBJECT: EXTRANCHECK: PRE LICENSE CHECK: GEO MARINE INSTRUMENT
COMPANY

REF: A) D409956 B) USDOC 00093 C) USDOC 00091 D) D409631

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. At the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted two pre-license checks (PLCs) at Geo Marine Instrument Company, Rm 1019, New Commerce Ctr., 19 On Sum St., Shatin, Hong Kong (Geo Marine). The items that are the subject of the first check (and BIS license application D 409631) are two TR-1075D transducer assays, while the second set of items (that are the subject of BIS license application D409956) are 1500 passive acceleration compensated hydrophones rated to 2000M. These items are classified under export control classification number (ECCN) 6A001 and are controlled for national security reasons (NS). The license applicants are Teledyne Benthos of North Falmouth, Massachusetts and Massa Products Corporation of Hingham Massachusetts.

¶3. According to the Hong Kong Companies Registry, Geo Marine Technology Limited was incorporated in May 2002. Its paid in share capital is the Hong Kong dollar equivalent of USD 1250. Its directors are listed as Hong Kong residents So, Hay Wah (HK Identification number C515318) and Tse, Fung Ping (HK Identification number G262458(2)). Its website is www.geo-marine-tech.com.cn.

¶4. On February 2, 2009, ECO visited Geo Marine and met with Mr. Janson So, General Manager. The offices of Geo Marine in Hong Kong are quite small (no more than 200 square feet). It appears that two to four staff work at this location which appears to act as both offices and a small warehouse for items shipped to Geo Marine. Mr. So stated that the company's business is focused on the provision of products and total solutions related to underwater surveying and marine engineering. A key portion of that business serves the oil and gas exploration business. Mr. So stated that Geo Marine also acts as a distributor to surveyors in Hong Kong and China and also sells geophysical equipment (such as hydrophones for conducting surveys of the sea floor). The company has additional offices in mainland China.

¶5. As to the hydrophones that are the subject of BIS license application D409956, Mr. So stated that the buyer is BGP International China, a subsidiary of the China National Petroleum Company (CNPC) He stated that the hydrophones are destined to replace existing Benthos hydrophones on cables used in ocean bottom analysis and exploration.

¶6. As to the transducers that were the subject of BIS license D409631, Mr. So stated that they are destined for the First Institute of Oceanography State Oceanic Administration in Qingdao, mainland China. He provided a copy of the purchase contract for the item (and other related items). The contract lists Qingdao Bondex

Trade Service Co. Ltd. as the buyer's agent for this transaction. Mr. So stated that the institute is involved in geophysics related activities and specializes in study of the sea floor. In particular, he stated that one of the transducers would be used in shallow water sea bed engineering studies while a second would be used for oceanographic study. He stated that the Institute had been buying this particular item through other resellers for many years. Mr. So further explained that the Institute provides similar services as survey consultants to major western engineering projects. In China, Mr. So stated, those services are provided by state organizations.

17. Mr. So was well versed in export controls and stated that his company obtains licenses from the Hong Kong government for import (and subsequent reexport) of strategic commodities. He stated (correctly) that the Hong Kong government will not grant him a license to import items when no corresponding U.S. export license has been obtained. Mr. So also stated that, from time to time, he receives e-mail inquiries from potential customers outside of his geographic region. He stated that he forwards those to his suppliers and does not serve customers outside of Hong Kong and China. Mr. So stated that in his line of business, there are relatively few buyers and that he is familiar with most of them. It was clear to ECO that Mr. So is not keen to jeopardize his business by selling to unknown buyers that approach him through the internet.

18. It appears that another company uses this same address, namely United Star Navigation. When asked about this company, Mr. So was quite open and stated that this company is a mainland based reseller of lighthouse and navigation related products. It has registered a company in Hong Kong to take advantage of transfer pricing to minimize taxes (the likely web site is usnt.com.cn). According to the Hong Kong Companies registry, this company has been in existence

since 1997 and has less than the Hong Kong equivalent of USD 10 in share capital. Its directors are listed as mainland nationals Chen, Ya Bin (passport or ID number 120103630407211), Ding, Yue (passport or ID number 110108197308076313), Jiang, Yaun (passport number or ID 110228630705211), Lin, Yu Nai (passport or ID number 370202391206353 and Peng, Hai (passport or ID number 110102660604041), and Hong Kong resident Man, Ka Fai Johnny (Hong Kong ID D238430(3)). While ECO has no additional information about this company, ECO notes that this tax optimization mechanism is not uncommon in Hong Kong.

19. Based on the information noted above, ECO believes that Geo Marine is a suitable recipient of U.S. origin controlled technology, as reseller and system integrator. ECO has not independently reviewed the bona fides of the company or individuals referenced in paragraph 8. To the degree BIS has derogatory information about United Star Navigation or its directors, BIS may wish to reevaluate this favorable review of Geo Marine.